

DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL
Bureau of Air Quality
Clean Air Interstate Rule (CAIR)/Clean Air Mercury Rule (CAMR)

Stakeholder Meeting Notes
January 30, 2006

Attendees:

See attached list.

Introductions and Opening Comments:

Staff reviewed the details of the proposed CAIR. The issues where we have flexibility were discussed briefly, as it appears that a consensus among the Department and the stakeholders has been reached on these issues.

General Discussion of the Clean Air Interstate Rule

1. Timing of NO_x Allocations: The majority of stakeholders support a four-year allocation cycle. The Department has revised the allocation period to a four-year cycle.
2. Calculating the NO_x Allowance Allocation Base-line: The Department has revised the proposed language to include a reallocation period every four years using the highest heat input in the four-year period immediately preceding the year that the allocations have to be submitted to EPA. This will coincide with the change in timing of allocations.

A four-year allocation schedule is below. Note that the 2005 heat input data will be used for the October 2006 and October 2009 allocations submitted to the EPA.

Date Allocations Submitted to EPA	Control Periods	Heat Input Data Years
October 2006	2009, 2010, 2011, 2012	2002, 2003, 2004, 2005
October 2009	2013, 2014, 2015, 2016	2005, 2006, 2007, 2008
October 2013	2017, 2018, 2019, 2020	2009, 2010, 2011, 2012
October 2017	2021, 2022, 2023, 2024	2013, 2014, 2015, 2016

3. Fuel-adjusted Allocation System: The Department is proposing a modified rule that adjusts a facility's allowances based on fuel type. Instead of a three-tier adjustment (as in the EPA's model rule), only two tiers would be utilized. An adjustment factor of 1.0 would be used for all coal-fired units, and an adjustment factor of 0.6 would be used for all other units.

A couple of stakeholders commented that this two-tier system was a disadvantage to coal-fired utilities because it reduced the amount of allowances given to them and that the three-tier system was preferred; however, they understand that this option reflects a consensus agreed upon by stakeholders.

4. New and Existing Sources for Determining Baseline Heat Input: The Department is proposing a system based upon using heat input to determine allowance allocations for all sources, existing and new. Existing sources will be any unit commencing operation before January 1, 2005.

5. NO_x New Source Set-Aside: The Department has proposed a new source set-aside of three percent annually, starting in 2009. Everyone is in agreement that a three percent new source set-aside is adequate, especially if the allocation period is on a four-year cycle.

6. Treatment of NO_x SIP Call Non-EGUs: The Department is proposing to include non-EGUs in the CAIR NO_x Budget Program. Allowances for the non-EGUs will be included in the NO_x budget.

7. Opt-In for non-EGUs: The Department supports opt-in provisions and is proposing that South Carolina allow these provisions in its regulation.

A discussion of the timing of the regulation followed. The Department intends to have a proposed regulation published in the *State Register* by April 2006 with submission to the legislature by the end of the 2006 session.

General Discussion of the Clean Air Mercury Rule

Staff began this part of the meeting by asking the utilities to explain their proposal for CAMR. A representative of Santee Cooper presented the proposal. The proposal includes a 20% public health set-aside. The set-aside is maintained by the Department and made available to the utilities as needed. None of the allowances in the set-aside are retired. After 2017, utilities can use the accumulated allowances within South Carolina. They cannot be traded or sold to entities not in South Carolina.

Next, staff presented the Department's position regarding CAMR and the public health set-aside. The Department's proposal includes a 20% public health set-aside. However, this proposal differs from the utilities' proposal in that all remaining allowances in the public health set-aside at the end of a control period will be retired permanently.

The Department, a representative from SELC, and representatives from the utilities further discussed these proposals in detail. Concerns with the accuracy of the 1999 emissions data were expressed. Utilities are concerned that the data might not be accurate, and that the state's utilities might have greater mercury emissions, thereby requiring additional allowances. Rolling over the allowances from year to year would provide a cushion because the utilities might not be able to predict what the electricity demand would be, and consequently how much mercury would be emitted.

On the other hand, the Department continues to have concerns about the fact that South Carolina's 1999 emission estimates indicated that our coal-fired utilities were emitting 0.53 tons of mercury, yet our mercury budget is 0.58 tons.

Next Steps

The Department plans on presenting the rules as proposed to stakeholders to the DHEC Board in April. The Department will consider other changes prior to that meeting and will inform stakeholders via e-mail if any changes are proposed.

Next Meeting:

No further meetings have been scheduled at this time.

Those attending the January 30, 2006 meeting were:

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